

PUBLIC HEARING AND WORK

SESSION ON SB 686 AND SB 757

TAPES 120 - 121 A/B

**SENATE REVENUE COMMITTEE**

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**APRIL 22, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING**

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Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard

Witnesses: Tom Berry, Northwest Natural Gas

Jennifer McNutt, Legislative Aide to Sen. John Lim, District 11

Roger McDowell, Tax Supervising and Conservation Commission

Ann Sherman, Tax Supervising and Conservation Commission

Courtney Wilton, Tax Supervising and Conservation Commission

Sharon Timko, Multnomah County

Staff: Brian Reeder, Economist

Richard Yates, Economist

Carol Phillips, Committee Assistant

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**TAPE 120, SIDE A**

005 Chair Baker Opened meeting at 9:06 a.m.

OPENED PUBLIC HEARING ON SB 757

011 Tom Berry Exhibit D - Statement in Support of SB 757. This bill authorizes the submission of reasonable facsimiles of invoices for claiming refund of motor vehicle fuel taxes paid. SB 757 is a housekeeping bill to assist the accounting department at Northwest Natural Gas. The federal government does not ask for original invoices any longer. Questions and discussion.

033 Berry Has talked with the Department of Transportation and the Auditing Department of the Secretary of State, and they all have no opposition to this bill.

038 Sen. Hartung Asked Berry if he knew how many other companies might take advantage of something like this. Sen. Hartung is looking for ways to cut down on paperwork, reduce numbers of employees necessary, etc. to make companies run more efficiently. Asked if the Department of Motor Vehicles is involved in this.

040 Berry Stated this goes through the Department of Transportation, Taxation Division. Guessed there may be several hundred companies which will take advantage of this.

CLOSED PUBLIC HEARING ON SB 757

OPENED WORK SESSION ON SB 757

MOVES SB 757 TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION.

061 Sen. Hartung ROLL CALL VOTE: MOTION PASSES: 6 - 0

SENATORS VOTING AYE: DUKES, DUNCAN, HARTUNG, LEONARD, BRYANT, BAKER.

Sen. Hartung will carry the bill on the Senate Floor.

CLOSED WORK SESSION ON SB 757

OPENED PUBLIC HEARING ON SB 686

- 083 Jennifer  
McNutt Exhibit G - Written testimony supporting SB 686.
- 105 Roger  
McDowell Exhibit H - 36 pages of written testimony in support of SB 686.
- 163 Chair  
Baker Asked why the Tax Supervising and Conservation Commission ("TSCC") certifies budgets. The city of Portland has an auditor, so why does TSCC certify a budget for an elected auditor?
- 170 Ann  
Sherman Answered that statutes for all local governments require they go through a budget process that includes a budget committee.
- 172 Chair  
Baker Fundamentally, if there is an elected auditor, why does TSCC look over the auditor's shoulder?
- 174 Sherman Replied that TSCC takes the place of a budget committee.
- 176 Chair  
Baker Asked that since the city has an auditor, does TSCC duplicate the auditor's job?
- 177 Courtney  
Wilton Answered no they do not duplicate the auditor's job. The auditor's focus is entirely different from that of TSCC. The city, county, and Metro have auditors; the other entities do not.
- 187 Sen.  
Duncan Stated that in Clackamas County their school districts have their own budget hearings, etc. Asked if Multnomah County was the only one that has an overseeing entity.
- 191 Sherman Only Multnomah County has an overseeing entity because it is required by population. When the statute was first enacted, there was a concern that citizens would not be able to be involved in the budget process the way they are in smaller jurisdictions. Rather than have individual citizens have to go through a budget committee process where they might not feel they had much ability to influence things or understand the complexity of budgets, they appointed TSCC which is a citizens committee to represent those citizens in the face of really large counties. Multnomah County is the only county which meets the population requirement at this time.
- Chair Asked who set the population limit. Asked why every county in the state does not have one of these citizens commissions. Knew nothing about this group until the last few days. Inclination is to amend the bill to abolish TSCC. Sees no value to what TSCC

- 206 Baker does. The city and county already have elected auditors. The school boards have their budget committees. The community colleges have their ESDs. Metro has an elected auditor. The Port of Portland is appointed by the Governor. Tri-Met runs itself. Does not understand what TSCC does.
- 219 Sherman TSCC holds hearings and provides information to the public so citizens can know what entities are doing. TSCC puts together a report for the public. A lot of citizens use TSCC to try to understand audit reports. That may not be a useful thing to everyone, but the local governments TSCC serves and citizens have thought it was.
- 240 Sen. Leonard Asked if there has been an occasion when TSCC has altered a budget that they have examined?
- 243 McDowell There have been several instances in which TSCC has pointed out that perhaps certain expenditures should be reconsidered or maybe certain aspects had been overlooked. Also made recommendations to entities regarding better depreciation scheduling.
- 257 Wilton TSCC does a lot of examination of revenue estimates. Questions and discussion interspersed.
- 262 Sen. Leonard Asked why a budget committee could not perform the same function as TSCC. With the current budget constraints, choices have to be made on priorities for the state. If a choice had to be made between keeping TSCC open at \$230,000 a year or a library open at \$230,000, guess which one he would choose?
- 277 McDowell Agreed that the Members should balance what TSCC does with what is happening financially. Asked that Members read all the letters in Exhibit H indicating how the entities and newspapers feel about TSCC and the role it plays.
- 292 Sen. Leonard Asked if the functions performed by TSCC could be absorbed by all the entities it oversees. Could the same kind of service be accomplished within those entities and then use the money that the county would save by not having to fund TSCC to, for example, keep a library open.
- 298 Wilton Does not think the same thing would be accomplished in that there would probably not be the same level of independence. Agrees with McDowell that they operate under an unfunded mandate; not their mandate but that by legislature. Feels it is appropriate to review what they do and compare that with the cost because it is a burden on the county's budget. They feel good about what they do; but on the other hand, they are not the ones deciding how much it is worth. That is the legislature's responsibility.
- 310 Sen. Leonard Lives in Multnomah County and is aware of the work TSCC does. But because of Measure 47, having to lay off 56 firefighters, and having to lay off 100 police officers by 7/1/97, there are some hard choices which have to be made.

- 329 Sherman Biggest concern is that many citizens use TSCC services and won't have anywhere to turn if TSCC is abolished. Feels no one else fills the educational role TSCC does.
- 337 Chair Baker Stated there are other sources for these people to get information. Why should the legislature mandate one county to have an informational office at the county's expense?
- 350 Sen. Leonard Asked Sherman what the citizens would say if faced with a choice: Keep TSCC open or keep a library open?
- 358 Chair Baker Asked if it was not a local decision the county should make. Why should the legislature mandate one agency in one county?
- 364 Sherman If the feeling of the legislature now is that it is no longer necessary for Multnomah County to have a group of appointed citizens to interface between large local governments within that large county, then so be it.
- 375 Chair Baker Those entities have budgets of hundreds of millions of dollars. They can very well interface with themselves. They don't need someone out there helping them get together with team building.
- 379 Sen. Duncan Does not understand why there is state legislation when TSCC runs on county money. Questions and discussion.
- 401 Sen. Dukes Asked if Multnomah County has a budget committee.
- 404 Wilton Answered no, their governing body acts as the budget committee. Questions and discussion.
- 420 Sen. Dukes If TSCC was disbanded, are the county, city, etc. under the obligation to form budget committees with public members?
- 011 Sen. Leonard Did not think so.

**TAPE 121, SIDE A**

- 013 Chair Baker Asked where the (-1) Amendments came from. (No one knew.) Does not see anything which prohibits a local government from forming a voluntary citizen committee to assist.
- 022 Sen. Leonard The point TSCC is making is a good one; Multnomah County has a huge number of entities which expend billions of dollars annually. But on a list of priorities, what do you fund first, and what do you fund last?
- 040 Chair Baker Would like to bring this bill back in a week or so. Contact elected auditors and ask them what would happen if the commission was abolished.

045 Sen. Hartung Regarding the (-1) Amendments, it appears the county can do whatever it wants without legislation.

056 Wilton Local governments outside of Multnomah County must have a budget committee to adopt their budgets. That budget committee is comprised of their elected body and an equal number of citizens. That is not the case for the larger governments in Multnomah County. If TSCC was eliminated, the Members must decide if they want these larger entities in Multnomah County, which currently do not have a citizen contingent on their budget committees, be required to have that contingent just like all other local governments throughout the state.

068 Sen. Leonard Asked the size of paid staff in the TSCC office.

069 Wilton Replied there are four and they are members of PERS. Wilton works for commissions who are appointees of the Governor. Technically he supervises the other three staff. Have a concern about the employees losing their jobs. Would like language to protect them.

072 Sen. Leonard Asked if TSCC is abolished, what would happen to the office staff?

073 Wilton Stated they would find other work; they are public employees.

080 Sen. Leonard Has a concern about those four employees and future work. Would like to draft something that would allow them the option of working for the county in a similar position. There is another statute already in place which refers to situations where one entity takes over another entity. There is a process for having employees absorbed into the surviving entity.

099 Sen. Duncan Believes every entity on Multnomah County Taxing Districts list should be notified of next discussion of this bill. These entities may say they simply cannot live without TSCC and the services TSCC performs.

107 Chair Baker Will have economist Brian Reeder send letters to the listed entities to advise them that discussion will be held to determine fate of TSCC.

117 Sen. Hartung The advent of Measure 5 and Measure 47 and the rewrite changes the work of TSCC somewhat because of limits and caps. Asked if that was true.

122 Sherman Those limits and caps make TSCC more of an educational entity. Questions and discussion.

- 161 Wilton A natural break would be the end of this fiscal year. TSCC could still perform its duties for current budget. If the commission was abolished 6/30/97 it would free up \$230,000 for other use.
- 165 Sen. Leonard Asked if the office staff would be interested in a statute calling for their absorption into other positions available within Multnomah County.
- 169 Wilton Said he would not be interested, but there are personnel who have been with TSCC for 20 years and would probably be interested.
- 185 Chair Baker Looking at bringing this bill back Thursday, May 1.
- 194 Sharon Timko Exhibit J - Written testimony. Supports Senate Revenue Committee's decision to bring bill back for further discussion and address Multnomah County's concern about freeing up more money for them, i.e. \$230,000 by abolishing TSCC.
- 201 Sen. Leonard Would like from Multnomah County input on the issue of what happens to TSCC employees.
- 214 Chair Baker Meeting adjourned at 9:48 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

- A. SB 757, Yates, Revenue Impact Statement, 1 page
- B. SB 757, Yates, Staff Measure Summary, 1 page
- C. SB 757, Yates, Fiscal Impact Assessment, 1 page
- D. SB 757, Berry, Statement in Support of SB 757, 1 page
- E. SB 686, Reeder, Revenue Impact Analysis, 1 page
- F. SB 686, Reeder, (-1) Amendments, (JB/ps) 4/21/97, 2 pages
- G. SB 686, McNutt, Written testimony, 2 pages
- H. SB 686, McDowell, Written testimony, 36 pages
- I. SB 686, McNutt, Written testimony dated 4/21/97, 2 pages
- J. SB 686, Timko, Written testimony dated 4/22/97, 1 page